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PART I - OVERVIEW

Applicability

All registered takaful operators

Effective date

31 December 2004

PART II - POLICY REQUIREMENT

As part of measures to build the necessary foundation to further strengthen the takaful industry, the minimum paid-up capital requirement of existing takaful operators was increased to RM100 million. This has been announced at the recent dialogue session between Bank Negara Malaysia and the takaful industry.

The higher minimum paid-up capital requirement is in line with the recommendations in the Financial Sector Masterplan which aims to strengthen the institutional capacity of takaful operators to support the sound expansion of the takaful industry. It will also equip takaful operators with sufficient capital base to strengthen their capacity to grow by improving the ability to offer highly innovative products and enhancing the capacity to participate in large and specialized risks and thereby improve the ability to compete effectively in the domestic market as well as with international best players.